

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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|--|--------------------------------|
|  | x                              |
| <b>In re</b>                               | :                              |
|  | :                              |
| <b>SEARS HOLDINGS CORPORATION, et al.,</b> | <b>Chapter 11</b>              |
|  | :                              |
|  | <b>Case No. 18-23538 (RDD)</b> |
|  | :                              |
| <b>Debtors.<sup>1</sup></b>                | <b>(Jointly Administered)</b>  |
|  | x                              |

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**TWENTIETH MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS,  
LP FOR COMPENSATION EARNED AND EXPENSES INCURRED  
FOR PERIOD OF MAY 1, 2020 THROUGH MAY 31, 2020**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* [ECF No. 814] (the “**Retention Order2 M-III Advisory Partners, LP (“**M-III**”) hereby submits its twentieth monthly report (the “**Monthly Report**”) on compensation earned and expenses incurred for the period commencing on May 1, 2020 through and including May 31, 2020 (the “**Reporting Period**”).**

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innoval Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

<sup>2</sup> Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

During the Reporting Period, M-III incurred total fees and expenses of \$891,919.17, comprised of \$890,842.50 of fees and \$1,076.67 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors' restructuring process, including:

- a. Chief Restructuring Officer: Mohsin Y. Meghji in his role as Chief Restructuring Officer, continued to provide day-to-day oversight regarding issues including but not limited to: cash/liquidity management, the resolution of post-closing disputes with the Buyer, post-asset sale matters, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team.
- b. Asset Disposition: On an ongoing basis, M-III prepared and updated analyses to reconcile cash proceeds received and credit card receipts between OldCo and the Buyer and prepared other analyses related to the sale. M-III also responded to numerous vendor inquiries related to non-payment due to the ongoing dispute between the Debtors' Estate and the Buyer as to which entity will pay the creditors.
- c. Business Operations: On an ongoing basis, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11.
- d. Case Administration: On an ongoing basis, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also completed analysis and assisted the Debtors on various motions. M-III also prepared for and participated in strategic meetings with Debtors' counsel.
- e. Claims Administration and Objections (Other Than Governmental Units and Real Estate): M-III advised and assisted the Debtors with reconciling the Administrative Expense Consent Program Non Opt-Out Group for administrative claimants that filed an Opt-In Ballot and were not part of the initial distribution, filed a Non Opt-Out Ballot or did not respond to the Ballot. This included reconciling the creditors amounts to the company's books and records and negotiating with creditors. M-III also responded to numerous inquiries from creditors regarding the Administrative Expense Consent Program Ballot and the claims reconciliation process. M-III continues to assist the Debtors in reconciling the outstanding import vendor claims related to the World Import issue. M-III also prepared the motion to allow claims, omnibus objections to claims and certificates of no objection to claims. M-III also continued to assist in settlement agreement negotiations with creditors and Debtor's counsel. M-III also continued to maintain reporting and tracking related to the Administrative Expense Consent Program Ballot and claims reconciliation process.

- f. Claims Administration and Objections (Governmental Units): M-III advised and assisted the Debtors with reconciling the Administrative Expense Consent Program Non Opt-Out Group for governmental units administrative claimants that filed an Opt-In Ballot and were not part of the initial distribution, filed a Non Opt-Out Ballot or did not respond to the Ballot. This included reconciling the creditors amounts to the company's books and records and negotiating with creditors. M-III also responded to numerous inquiries from creditors regarding the Administrative Expense Consent Program Ballot and the claims reconciliation process. M-III also assisted the Debtors in settlement agreement negotiations with creditors and Debtor's counsel. M-III also prepared omnibus objections to claims. M-III also continued to maintain reporting and tracking related to the Administrative Expense Consent Program Ballot and claims reconciliation process.
- g. Corporate Governance and Board Matters: On an ongoing basis, M-III prepared for and participated in meetings of the Restructuring Committee of the Board.
- h. Employment and Fee Applications: M-III prepared its monthly invoice in compliance with its retention order. M-III also coordinated with the company to submit professional fee invoices for payment and updated the professional fee reporting.
- i. Estate Tracker Reporting: M-III also prepared weekly reports to illustrate cash flows and liquidity as compared to the forecast including related methodologies, as well as cash management planning. M-III distributed the weekly variance reports to the Restructuring Committee, Pre-Effective Date Committee and Creditors' Committee and addressed questions from these parties as they arose.
- j. Meetings and Communications with Creditors: On an ongoing basis, M-III prepared for and participated in meetings and teleconferences with the Official Committee of Unsecured Creditors and their respective advisors.
- k. Meetings and Communications with Restructuring Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with the Debtors' Restructuring Committee.
- l. Meetings and Communications with Pre-Effective Date Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with the Debtors' Pre-Effective Date Committee.
- m. Preference Analysis: M-III worked with the preference firms to analyze the payments made that may be subject to preference actions and supported the preference project across the engaged firms including providing the Debtors resolution amounts for numerous claims and following up with the Debtors on inquiries related to the resolution of preferences.
- n. Real Estate – Property Management: On an ongoing basis, M-III assisted the Debtors in the management of its real estate assets.

- o. Real Estate – Property Taxes Payable by the Estate: On an ongoing basis, M-III assisted the Debtors in analyzing property tax bill presented for payment to determine what amount, if any, is owed by the Debtors or potentially other parties.
- p. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, M-III assisted the Debtors in due diligence, analysis, reporting, marketing and monetization related to the unencumbered real estate. M-III worked closely with the Debtors to list, market and sell unencumbered assets to a variety of real estate investors. M-III also assisted the Debtors with the analysis of unencumbered properties with a view towards selling these assets in a timely manner for favorable prices.
- q. Real Estate – Claims Administration and Objections: On an ongoing basis M-III assisted the Debtors with reviewing and reconciling the administrative and priority claims related to real estate. M-III also assisted the Debtors with preparing omnibus objections to claims, preparing certificates of no objection to claims, and continue to assist in settlement agreement negotiations with creditors and Debtor's counsel. M-III also continued to maintain reporting and tracking related to the real estate claims reconciliation process.
- r. Reporting: On an ongoing basis, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting related items including but not limited to, aggregating monthly bank statements, reviewing monthly financial statements, monthly reporting for the Post-Confirmation Corporate Quarterly Operating Report, developing and updating the OldCo budget and other accounting related items.

3. **Exhibit A** attached hereto includes a summary of fees and expenses and a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.

4. **Exhibit B** attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: June 5, 2020  
New York, New York

By: /s/ Mohsin Y. Meghji

Mohsin Y. Meghji  
Managing Member  
M-III Advisory Partners, LP  
130 West 42<sup>nd</sup> St.,  
17<sup>th</sup> Floor  
New York, NY 10036

**Exhibit A**

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

May 1, 2020, Through May 31, 2020

**Summary of Compensation Sought for the Reporting Period**

| <b>TOTAL HOURS</b> | <b>TOTAL FEES (a)</b> | <b>TOTAL EXPENSES</b> | <b>TOTAL COMPENSATION</b> | <b>MONTHLY COMPENSATION FEES (100%)</b> | <b>MONTHLY EXPENSES (100%)</b> | <b>TOTAL MONTHLY COMPENSATION</b> |
|--------------------|-----------------------|-----------------------|---------------------------|---|--------------------------------|-----------------------------------|
| 1,472.9            | \$890,842.50          | \$1,076.67            | \$891,919.17              | \$890,842.50                            | \$1,076.67                     | \$891,919.17                      |

**Note(s):**

(a) Total fees of \$890,842.50 include \$750,000.00 for hours billed as a fixed fee and \$140,842.50 for professionals billed on an hourly basis.

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

May 1, 2020, Through May 31, 2020

**Summary of Hours Billed by Professional Fixed Fee**

| <b>Employee Name</b> | <b>Initial</b> | <b>Title</b>      | <b>Total Hours</b> | <b>Total</b>        |
|----------------------|----------------|-------------------|--------------------|---------------------|
| Meghji, Mohsin       | MM             | Managing Partner  | 8.0                |                     |
| Gallagher, William   | WG             | Managing Director | 72.9               |                     |
| Griffith, Brian      | BG             | Managing Director | 92.5               |                     |
| Murphy, William      | WM             | Senior Director   | 177.3              |                     |
| Korycki, Mary        | MK             | Director          | 215.5              |                     |
| Acevedo, Enrique     | EA             | Vice President    | 54.1               |                     |
| Kim, Tyler           | TK             | Associate         | 168.1              |                     |
| Batista, Isabella    | IB             | Analyst           | 187.2              |                     |
| Navor, Glenn         | GN             | Analyst           | 128.9              |                     |
| <b>Total (a)</b>     |                |                   | <b>1,104.5</b>     | <b>\$750,000.00</b> |

**Note:**

(a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officer and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (i) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (ii) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

May 1, 2020, Through May 31, 2020

**Summary of Hours Billed by Professional**

| Employee Name            | Initial | Title            | Total Hours  | Rate (a) | Total               |
|--------------------------|---------|------------------|--------------|----------|---------------------|
| Richard Kellner          | RK      | Senior Advisor   | 7.1          | \$750    | \$5,325.00          |
| Good, Chris              | CG      | Director         | 1.9          | \$725    | 1,377.50            |
| Ehrler, Ken              | KE      | Director         | 25.5         | \$675    | 17,212.50           |
| Zatzkin, Noah            | NZ      | Vice President   | 29.5         | \$600    | 17,700.00           |
| Weber, Nick              | NW      | Senior Associate | 1.7          | \$500    | 850.00              |
| Casamassima, Christopher | CC      | Analyst          | 38.0         | \$325    | 12,350.00           |
| Coletta, Timothy         | TC      | Analyst          | 4.8          | \$325    | 1,560.00            |
| Kopsky, Colin            | CK      | Analyst          | 94.6         | \$325    | 30,745.00           |
| Ramnani, Ravi            | RR      | Analyst          | 11.5         | \$325    | 3,737.50            |
| Sugarman, Samuel         | SS      | Analyst          | 67.7         | \$325    | 22,002.50           |
| Urena, Amanda            | AU      | Analyst          | 24.4         | \$325    | 7,930.00            |
| Wong, Elaine             | EW      | Analyst          | 61.7         | \$325    | 20,052.50           |
| <b>Total</b>             |         |                  | <b>368.4</b> |          | <b>\$140,842.50</b> |

**Note:**

(a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officer and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (i) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (ii) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

**Exhibit B**

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

May 1, 2020, Through May 31, 2020

**Summary of Necessary Expenses Incurred**

| Description           | Total             |
|-----------------------|-------------------|
| Telephone/Internet/IT | \$1,076.67        |
| <b>Total (a)</b>      | <b>\$1,076.67</b> |

**Note(s):**

(a) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.